

NSC BRIEFING

22 May 1958

LATIN AMERICA - AFTERMATH OF VICE PRESIDENT'S TRIP IN VENEZUELA & PERU

Venezuela

- I. Dispute in leadership has arisen out of riots on 13 May. Five days later two civilian members of the five-man junta resigned.
 - A. Publicly they declared they resigned because of dispute with President Larrazabal about dealing with military.
 1. We believe real cause may have been their objection to Larrazabal's indecisiveness in handling various problems-- including security precautions during Nixon's visit.
- II. Following resignations government did tighten security precautions and arrested number of persons, including Communists.
 - A. 99 persons, including 12 Communists were reportedly arrested on Tuesday for activities in connection with the riots.
 - B. Nine others arrested Tuesday in connection with discovery of cache of 400 molotov cocktails together with photograph of US embassy.
 1. These persons appear to have links with the Communists.
- III. Venezuelan CP has greatly increased its activities since fall of Perez. It now claims to have 12,000 members (CIA estimates 9,000 although this may be low).
 - A. Perez had used Communists in labor to counterbalance AD.
 - B. Although the Commies gained respectability by their participation in Perez overthrow, other parties have now ceased working with them.

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C. Nevertheless, Commies still hold some potentially important posts.

IV. Meanwhile, leadership is split into two groups.

A. On one side is Larrazabal, who appears to have widespread popular backing, including AD.

1. He has been following fairly liberal internal policy - apparently plans to hold elections and have junta step down by April 1959.

B. On other side is group, mostly officers, which has backing of most of armed forces.

1. They want to crack down on Commies, probably AD too.

2. There have been persistent rumors since riots, that this group plans to seize power.

C. This split gravely threatens stability of regime.

Peru

V. Military dissatisfaction with government increased by 8 May rioting.

A. Peru, usually a dictatorship, is now in 22nd month of democracy.

B. Labor unrest, including strikes, increased sharply during this period.

1. Most strikes led by Commies or sympathizers (Peruvian CP-- estimated at 6,000).

VI. Minister of War told US ambassador following riots that President Prado must get anti-Communist legislation passed soon "or else."

A. Rumors in Lima say some junior officers have suggested good time for coup would be early June when Prado visits Europe.

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VII. On 16 May about 10 Communists including CP Secgen were arrested in connection rioting.

- A. Security leak allowed some on arrest list to escape and prominent Communist connected with riot leadership was not on list--probably because he has friends high in government.
- B. In view of general political deterioration, made worse by riots, there is 50-50 chance that military will attempt a coup.
- C. Such a coup might influence Venezuelan military to do likewise.

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